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C O N F I D E N T I A L KUWAIT 001649

SIPDIS

STATE FOR D, NEA/ARP, IO/UNP, L/CID, NEA  
CPA FOR DEPUTY ADMINISTRATOR JONES

E.O. 12958: DECL: 05/24/2014

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SUBJECT: (C) UNCC: GOK APPEALS TO HOLD THE LINE

REF: STATE 78069

Classified By: CDA FRANK URBANCIC; REASON 1.4 (B, D).

11. (C) An agitated MFA IO Director Amb. Abdullah al-Murad called in CDA May 24 to stress that the GOK at the highest levels attaches great importance to maintaining the existing UN Compensation Commission (UNCC) arrangement. He was concerned about reports from New York that Germany "supported by France" was trying to have the prospective UNSCR on Iraq cancel the UNCC altogether if possible, or failing that, reduce the take from the current 5% of Iraqi oil revenues (already inadequate in the GOK's view), or reprogram those monies. MFA was calling in all UNSC members to seek their support on this issue. He expressed appreciation that the USG is a "friend and ally" doing its best to resist "these manipulations."

12. (C) Al-Murad advanced the following arguments: the UNCC was created by the UNSC in Resolutions 687 and 705, based on the principle of legal responsibility. The UNCC was not established against Saddam Hussein or any particular regime, but in favor of the victims of Iraq's deliberate degradations. To cancel it now would give the lie to that principled stance, undermining the legitimacy of all the UNSC's actions. It would harm the USG's image and undoubtedly lead to protests in Kuwait. From 1995 until 2000, the UNCC take was 30%, then 25% until 2003 when it was slashed to 5%. This level is already inadequate: there are thousands of victims of many nationalities, and at this rate some will have to wait another "ten or fifteen years" -- i.e. a quarter of a century from the time of loss -- to collect.

13. (C) Now, when Iraq still does not yet have a sovereign government, the time is not yet right to consider any additional action, al-Murad continued. The Germans are mixing debt and compensation, which are two separate issues: debt is bilateral, but compensation is multilateral and based on Chapter VII of the UN Charter. Kuwait holds "\$18 to 20 billion, I don't have the figure" of Iraqi debt, which will be discussed in the Paris Club.

14. (C) Al-Murad noted that Saudi Arabia and Kuwait intended to put forth governmental claims for environmental devastation "by the end of next year." He did not know whether Saudi Arabia was demarching UNSC members on the importance of maintaining the UNCC, but he took the point that that would help.

15. (C) COMMENT: the GOK believes it has a firm commitment from the USG to the Foreign Minister on April 2 that the USG will continue to support maintaining the UNCC at its current level (reftel).

16. (U) Baghdad minimize considered.  
URBANCIC